First '80 ad data

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fair year for the magazine medium appears most likely for 1980.

Newspapers

Newspaper advertising rates have been rising, but they do not fully explain the exceptional revenue growth of the first quarter. National advertisers increased their budgets sharply to cover more linage as well as higher rates.

The most noteworthy developments have been the expanded activity of airline and cigaret advertisers. Both appear to be using advertising in a different manner than many marketers might have employed under similar business conditions in the past.

The cigaret manufacturers appear to be speeding up the introduction of low-tar brands to increase their share of market as total sales volume plateaus. The airlines are promoting their schedules intensely.

In the months ahead the national newspaper activity will undoubtedly slacken from the first-quarter pace, but we don't expect the kind of cutbacks experienced in previous recessions.

Spot television

The Winter Olympics and primary election activity helped hold up the demand for nonnetwork television advertising. The first-quarter activity appears to be relatively good compared with levels a year ago.

The extra stimulus from primaries, congressional elections and the presidential contest will be felt for most of the rest of this year. The cancelation of the Summer Olympics and the worsening economy may cut back the growth rate posted in the opening quarter, but the persisting battles for market share in many large package goods categories should combine with election demand to bring about fair results for spot television.

Network television

The indexes for network television spending moved up sharply in the latter half of 1979 as the 1979-80 season approached. The present season officially began in October, 1979, and extends through the summer months of 1980.

The expenditure levels for the network segment have been largely determined by the negotiations for "upfront" or advanced commitments that were worked out last spring and summer. The present indications point to a maintenance of the latest index levels through the second quarter of this year.

Due to the softening of the economy and the cancelation of the Summer Olympics, there may be some modest slippage in these seasonally adjusted indexes in the third quarter. In the fourth quarter, the network spending levels should turn up again as a result of higher prices for the upcoming new television season.

However, growing buyer resistance may result in a much smaller upturn than in the last few years.

Summary

The upward trend in national advertising expenditures has continued through the first quarter of 1980. Throughout 1979, there had been a great deal of uncertainty about future business health, but it is now apparent that advertising budgets were not adversely affected by these past concerns.

In the first quarter of '80, consumer finances were under pressure from soaring fuel costs and sharp rises in gasoline and transportation bills. In the second quarter, the economy has been slipping further, in real terms, and unemployment is rising. The impact of these developments is just beginning to make an appearance in some of the major media.

There are some obvious slowdowns in the advertising of high-ticket durables, but the competition for share of market in many of the most heavily advertised package goods categories is still quite intense.

The outlook for the year as a whole continues to be reasonably good at the moment. The developments in the next few months should determine whether the upward trend in advertising will continue uninterrupted: #

National advertising index
Full year 1979 and First Quarter 1980

	General index	Net tv	Spot tv	All magazines	Weeklies	Women's	Monthlies	Newspapers
				—1979 Revised—				
Jan.	255	283	261	228	190	246	291	238
Feb.	260	299	266	225	195	255	262	238
March	253	284	272	218	192	218	272	228
April	266	296	295	223	180	268	274	242
May	268	305	297	228	207	227	272	229
June	273	292	310	240	197	293	281	244
July	278	303	301	240	201	279	286	267
Aug.	295	327	312	259	239	275	285	274
Sept.	286	347	293	235	195	269	290	247
Oct.	281	333	320	222	191	233	278	230
Nov.	291	332	305	255	223	295	286	257
Dec.	287	341	278	249	214	270	305	260
Yearly avg.	274	312	293	235	202	261	282	246
				—1980—				
Jan.	289	311	300	260	213	288	332	278
Feb.	300	338	301	263	229	290	310	288
March	295	332	293	266	247	6244	325	274
% Change to date	+15	+13	+12	+18	+19	+14	+17	+19

All indexes have been seasonally adjusted. The index shown for each medium is based on estimated total advertising investments in the medium, including talent production and media costs. For each medium the base (100) is an average of total investments in the year 1967.